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MAY 23, 1988

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

NBC BUYS TEMPO

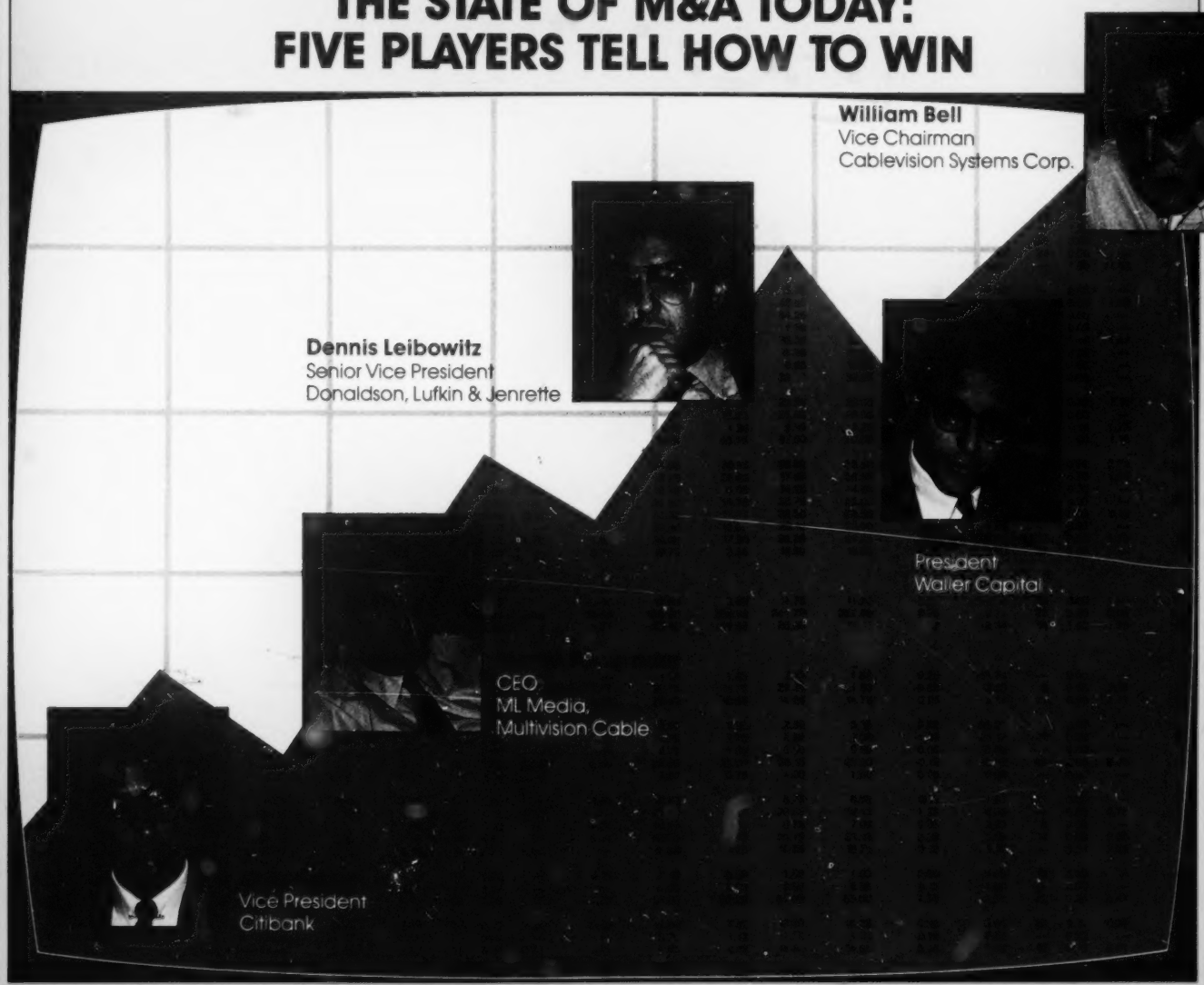
S/TMC EQUITY DEAL ADVANCES

A NEW WRINKLE IN ADVERTISING

WARNER MERGES WITH LORIMAR

MALONE STARS AT HILL HEARING

THE STATE OF M&A TODAY: FIVE PLAYERS TELL HOW TO WIN



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FRONT LINE

Cable-bashing calms 12
John Malone takes the spotlight in a milder than expected Hill hearing on supposed cable industry abuses.

Warner's urge to merge 16
Warner Communications creates a TV megaforce by entering into a merger agreement with Lorimar-Telepictures.

Bass, TCI do a deal 16
TCI will add 204,000 subscribers to its balance sheet as a result of the decision by the Robert Bass interests to sell their 50 percent ownership position in Taft Cable Partners.

New wrinkle in ads 18
Here's a new name to learn: ASTA. Some in the barter syndication group believe that packaging the ad sales on cable and syndication product would increase revenues while taking away share from the Big 3.

S/TMC equity plan 20
Viacom International is discussing equity investment plans for Showtime/The Movie Channel that if successful could change the economics of the pay television business. Operators are being asked to contribute between $200 million and $250 million in cash.

Departments

Between the Lines 6
Cablescope 11
Stats 40-41, 62, 72
Classifieds 65-66
People 69
Products 70
Ad Index/From Washington 73
Parting Words 74

NCTA CONVENTION COVERAGE

Cable's L.A. awe 24
In one of its newsiest gatherings in recent years, the National Cable Television Association hosts a show in Los Angeles that puts a spring in the step of even the most hardened MSO executives. Programming developments dominate, with NBC's buy of Tempo and a closed-door meeting with MCA. But out on the floor technological advances also were drawing attention.

MANAGEMENT

You're still the one 25
Financial experts ponder the pluses and minuses of cable and pronounce the business still hale and hearty. The industry remains the medium of choice for investors, especially now that high-quality programming should make the product easier to sell.

PROGRAMMING

NBC, MCA, Fox 25
With names like that on everyone's lips, you had to pinch yourself that this really was a cable convention. The top-rated network's bid for entry into cable becomes a reality, with Fox courting affiliates of the cable kind.

MEDIA WATCH

A sharper focus on HDTV 36
All the talk about advanced television systems is translated into action with some large sums committed to R&D projects. And out on the exhibit floor, it was standing room only to view demonstrations of high-definition TV.

LAW AND REGULATION

How safe is the Act? 44
Despite two years of intense scrutiny, congressional and FCC leaders declare that the Cable Act remains safe for the time being, as long as the industry continues to use caution. But the telco question looms especially large.

COVER STORY

The state of M&A today 49
The mergers and acquisitions game is getting riskier as system prices continue skyward, crimping margins as interest rate concerns furrow the brows of buyers and sellers. To determine where the hotspots are in M&A, we sit down with five executives, each with a different perspective on how to play the game and win.

Cover photos by Candace Drake
Cover design by Don Ruth

BETWEEN THE LINES

Cable achieves success by making converts of foes

Like the tornado that swept up Dorothy and Toto from their farm in Kansas and deposited them in the Land of Oz, the whirlwind of cable's growth and emerging marketplace power is sucking into the industry many players who not so long ago dismissed cable or even fought to suppress it.

The very visible presence of some of these old adversaries at the National Cable Television Association Convention in Los Angeles seemed to inspire a little giddiness in both camps. Listening to the folks from NBC, MCA and Fox gush about the industry, one could almost hear them promising themselves that in cable, "There's no place like home, there's no place like home."

And it was a memorable experience watching the MSO executives leaving the closed-door meeting with MCA, Steven Spielberg, et al, disproving the law of gravity by walking a few feet off the ground.

This euphoria that permeated the convention is reminiscent of cable's blue sky days, when no convention was worth its salt unless half a dozen new programming ventures were announced. But the watershed developments at Cable '88 stem from events much closer to the ground. They are an affirmation of the plain fact of American life that in these late-'80s, television *is* cable.

Over the past decade the cable industry has negotiated a dangerous course, maneuvering between the broadcast networks on one side and Hollywood on the other. It is a powerful statement that today two of the three networks are firmly committed to cable programming ventures, as are several of the studios, notably MCA, which is the power behind the throne of the Motion Picture Association of America.

Cable '88 stands as a remarkable achievement in cable's long march toward success. The Triple Crown now is complete. Deregulation through the Cable Act. Passing 50 percent penetration. Outlasting and embracing its former foes.

—Steve Tuttle
Editor and Associate Publisher

Letters

Editor:

Gary Arlen's article, "Getting all that gold makes it easier to love all that glitz" (*CV* 5/9/88 p.76) contained a gross factual error in its description of Telaction. He states, "The Telaction technology requires that a frame grabber device be installed on cable lines, cutting into the trunk at least once or twice per neighborhood block." That statement is totally incorrect. The Telaction technology requires that a framestore be installed only on the feeder line, approximately once each mile, not once or twice per block on the trunk. Telaction *never* touches trunk cables. This error is potentially very damaging to understanding Telaction and reinforces a fundamental misconception about our technology.

Edward A. Merlis
President
Telaction Cable Affiliate Division

Editor's Note: CableVision *regrets the error.*

CableVision

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ABP BPA

What's on the Pays/June

Cinemax

New Movies

Title	MPAA Rating	Distributor
All About Eve (B&W)	NR	20th Century-Fox
Bless The Beasts & Children*	NR	Columbia
City of Shadows	R	Shapiro/ Glickenhaus
Cry of the City (B&W)	NR	20th Century-Fox
The Danger Zone	R	Skouras
The Dark Corner (B&W)	NR	20th Century-Fox
Dead of Winter*	R	MGM/UA
Death of a Salesman	NR	H.B.O. Television
D.O.A. (Colorized)	NR	Hal Roach
Dragonwyck (B&W)	NR	20th Century-Fox
Everything's Ducky* (B&W)	NR	Columbia
Eye of the Tiger	R	Scotti Bros.
The Far Country	NR	Hal Roach
Firehouse	R	Shapiro/ Glickenhaus
Friday The 13th-The Final Chapter*	R	Paramount
The Gamma People* (B&W)	NR	Columbia
The Ghost and Mrs. Muir (B&W)	NR	20th Century-Fox
Going Ape!	PG	Paramount
Hollywood Shuffle	R	S. Goldwyn
House II:The Second Story	PG13	New World
House of Strangers (B&W)	NR	20th Century-Fox
Jane Eyre (B*W)	NR	20th Century-Fox
The Last Wagon	NR	20th Century-Fox
Lawrence of Arabia*	NR	Columbia
Love Songs	NR	Int. Spectrafilm
The Luck of the Irish (B&W)	NR	20th Century-Fox
Man With Two Brains	R	Warner Bros.
The Mating of Millie* (B&W)	NR	Columbia
Meatballs III	R	The Movie Store
Most Dangerous Man Alive* (B&W)	NR	Columbia
Nightmare on Elm Street 3: Dream Warriors	R	Universal
No Way Out (B&W)	NR	20th Century-Fox
Over 21* (B&W)	NR	Columbia
Passport to China* (B&W)	NR	Columbia
Personal Services	R	Vestron
Preppies	R	Blum Group
Project X	PG	20th Century-Fox
Run For Cover	NR	Paramount
The Story of Alexander Graham Bell (B&W)	NR	20th Century-Fox
Suddenly, Last Summer* (B&W)	NR	Columbia
Suez (B&W)	NR	20th Century-Fox
Sweet Revenge	R	Concorde
Topper Returns (B&W)	NR	Hal Roach
Trading Places*	R	Paramount
The Whistle Blower	PG	Hemdale
Wilson	NR	20th Century-Fox

Original Programming/Specials

Cinemax Comedy Experiment:
Teri Garr in Flapjack Floozie

Highlights

The Believers	R	Orion
Dirty Dancing**	PG13	Vestron
Gardens of Stone*	R	Tri-Star
Roxanne**	PG	Columbia

Roxanne

The Disney Channel

New Movies

The Apple Dumpling Gang*	G	Disney
The Bears and I*	NR	Disney
The Beniker Gang*	G	Lorimar
The Boatniks*	G	Disney
Christian and the Lion*	G	Art Greenfield Co.
The Duchess of Idaho	NR	MGM/UA
El Dorado	NR	Paramount
Escape to Witch Mountain	G	Disney
Father Was A Fullback	NR	20th Century-Fox
Girl Happy	NR	Turner Entertainment
Green Grass of Wyoming	NR	20th Century-Fox
Hansel and Gretel*	NR	Entertainment Marketing
Hatari	NR	Paramount
King Crab	NR	Viacom
Mootchie of the Little League*	NR	Disney
Mr. Rossi Looks For Happiness*	NR	Italtoons
My Little Pony*	G	Sunbow Productions
The Mystery of Edward Sims*	NR	Disney
Peter Lundy and the Medicine Hat Stallion*	NR	Viacom
Platypus Cove*	NR	Cori Films
Raggedy Ann and Andy: A Musical Adventure*	NR	Harmony Gold
Red Badge of Courage	NR	MGM/UA
Seven Brides For Seven Brothers	G	MGM/UA
Speedway	G	Turner Entertainment
Stage Struck	NR	RKO/Buenavista
State Fair	NR	20th Century-Fox
That Darn Cat	G	Disney
True Grit	G	Paramount
2 1/2 Dads*	NR	Disney
The Wings of Eagles	NR	MGM/UA

Original Programming/Specials

Astaire Time*
Babar Comes To America*
Black Beauty*
Bud Greenspan's Summer Olympic Great #2*
Dinosaurs*
Dr. Seuss' The Grinch Grinches the Cat in the Hat*
Jean Sheperd's Great American 4th of July and Other Disasters*
The Jesse Owens Story
Kaleidoscope Concert: Linda Arnold*
King of the Beasts*
My Friend Liberty*
Sweet Land of Liberty

The Night Train to Kathmandu

Highlights

A Prairie Home Companion: The 2nd Annual Farewell Performance*	Disney Channel Original Production
The Night Train to Kathmandu	Disney
Astaire Time*	Universal Pay TV
Little Miss Broadway*	20th Century-Fox
Kaleidscope Concert: Gary Lapow*	Disney Channel Original Production
America at the Olympics*	Lorimar/Cappy Productions

Elvis

Going Hollywood: The War Years*		Castle Hill
Steve Allen's Golden Age of Comedy		Castle Hill
Elvis: Aloha From Hawaii*		Fox/Lorber

Home Box Office

New Movies

The Adventures of Sinbad*	NR	Taffner
The Adventures of Tom Sawyer*	NR	Nippon
Cactus Flower*	PG	Columbia
Captive Hearts*	PG	MGM/UA
Cyclone	R	Cinetel
'Free Ride'	R	Galaxy
The Gate*	PG13	New Century
Hatari!	NR	Paramount
Hunk	PG	Crown Int.
Nightforce	R	Vestron
Radio Days	PG	Orion
Raising Arizona	PG13	20th Century-Fox
Rawhide Rex	R	Vestron
Something Special!	PG13	Cinema Group
Starship	PG	Cinema Group
A Streetcar Named Desire	NR	Worldvision
Welcome To 18	PG13	TMS

Original Programming/Specials

Best of Not Necessarily the News
Countdown to Tyson-Spinks
HBO Behind the Scenes
HBO Comedy Hour Live: George Carlin 'What Am I Doing In New Jersey?'
HBO Showcase: Waldheim: A Commission of Inquiry
Richard Lewis 'I'm Exhausted'
The Survival Series: 'The Wonderful Kangeroo'*
Tanner '88: Child's Play
Tanner '88 Part 7
Wimbledon '88
Wimbledon '88 Highlights
Wimbledon '88 Men's Quarterfinals
Wimbledon '88 Women's Quarterfinals
Wimbledon '88 Women's Semifinals

Dirty Dancing

Highlights

Dirty Dancing**	PG13	Vestron
Harry and the Hendersons	PG	Universal
Roxanne**	PG	Columbia
Superman IV The Quest For Peace*	PG	Warner Bros.
Who's That Girl*	PG	Warner Bros.

(**denotes duplicated and exclusive between Home Box Office and Cinemax)

The Movie Channel

New Movies

All About Eve (B&W)	NR	20th Century-Fox
American Ninja 2*	R	Cannon
Beat Street	PG	Orion
Blood Ties*	NR	Showtime
Body Double	R	Columbia
Brass Target	PG	MGM/UA
China Rose	NR	Viacom
The Driver	PG	20th Century-Fox
Evil Under the Sun	PG	Viacom
Foreign Body*	PG13	Orion
Games	G	Universal
Green Fire	NR	MGM/UA
Hollywood Shuffle	R	Goldwyn
Instant Justice	R	J. Phillips
The Ipcress File	NR	Universal
Moonlight	NR	Universal
Munchies	PG	MGM/UA
Open House	R	Intercontinental
Petticoat Affair	NR	Universal
Spy Who Came In From The Cold	NR	Paramount
Steele Justice*	R	Atlantic
Svengali	NR	Viacom
Wild and Beautiful Ibiza	R	K-Pay
Wild Thing*	PG13	Atlantic

Highlights

The Believers	R	Orion
Harry and the Hendersons	PG	Universal
The Movie Channel's Short Film Showcase	NR	Showtime
Street Smart*	R	Cannon
Summer School*	PG13	Paramount

Harry and the Hendersons

Showtime

New Movies

The Adventures of the American Rabbit*	G	Atlantic
The Barbarians*	R	Cannon
The Believers	R	Orion
Border Incident (B&W)	R	MGM/UA
The Bounty	PG	Orion
Charade	NR	Universal
Dear Lovey Hart, I Am Desperate	NR	J. Phillips
Deak Set	NR	20th Century-Fox
Harry and Son	PG	Orion
Heathcliff: The Movie*	G	Atlantic
In the Good Old Summertime	NR	MGM/UA
It's Not the Size Who Counts	R	J. Brenner
The Last Survivers	NR	Coca-Cola
The Longest Night	NR	Universal
Matt Helm	NR	Coca Cola
Miss Peach: Career Day at the Kelly School	NR	Freemantle
Never Con A Killer	NR	Coca Cola
A Piece of the Action	PG	Warner Bros.
Shenandoah	NR	Universal
Travels With My Aunt	PG	MGM/UA
Trouble River	NR	J. Phillips
When My Father Was Away on Business*	R	Cannon

Original Programming/Specials

Brothers 'Sittin In A Tree'
Celebrity Close-Up
The Jackie Gleason Marathon
The Jackie Gleason Show
It's Garry Shandling's Show
Poison 'Yellow Roses'
Poison 'Bliss' Showtime Championship Boxing
Showtime Comedy Club Network

Brothers

Highlights

American Ninja 2**	R	Cannon
Harry and the Hendersons**	PG	Universal
Street Smart**	R	Cannon
Summer School**	PG13	Paramount
Summer Heat*	R	Atlantic

(**denotes duplicated and exclusive between Showtime and TMC)

Subscriber Count

Satellite national services

Basic services	Affiliates	Subscribers
ACTS Satellite Network	352	6,546,800
Alternate View Network	247	3,000,000
America's Value Network	1,557	6,000,000
Arts & Entertainment (A&E)	2,500	30,000,000
Black Entertainment Television (BET)	1,000	18,500,000
Cable News Network (CNN)	11,823	45,186,000
Cable Value Network	1,700	19,000,000
CBN Cable Network	9,347	40,047,200
C-SPAN	2,900	37,300,000
C-SPAN II	490	14,200,000
Country Music Television	714	7,100,000
The Discovery Channel	2,700	29,400,000
ESPN	19,123	46,200,000
Eternal Word Television Network (EWTN)	427	9,000,000
The Fashion Channel	600	10,100,000
Financial News Network (FNN)	1,920	28,200,000
FNN/Score	1,150	19,800,000
FNN/TelShop	900	11,600,000
GalaVision	300	1,000,000
Headline News	3,801	30,124,000
Home Shopping Network	1,314	15,088,786
Home Shopping Network 2	293	5,350,933
The Inspirational Network (PTL)	930	10,300,000
International Television Network	56	7,868,900
The Learning Channel	930	11,100,000
Liberty Broadcasting Network	42	1,121,718
Lifetime	3,600	37,200,000
Mind Extension University	83	1,200,000
Movietime	60	4,000,000
MTV	4,780	40,300,000
The Nashville Network	6,987	40,217,000
National Jewish Television (NJTV)	295	6,800,000
Nick At Night	3,165	34,600,000
Nickelodeon	5,955	39,000,000
The Nostalgia Channel	185	2,500,000
QVC Network	857	11,800,000
Shop Television Network	100	3,500,000
Silent Network	380	10,300,000
Tempo Television	750	12,000,000
The Travel Channel	300	9,000,000
Trinity Broadcasting Network	523	7,037,000
USA Network	10,100	43,400,000
Video Hits One (VH-1)	1,930	25,700,000
The Weather Channel	3,200	34,300,000
WGN-TV	10,809	24,653,463
WOR-TV	2,293	9,657,482
World Access Television	750	12,000,000
WPIX-TV	617	9,678,474
WTBS-TV	12,715	44,300,000

Pay services		
American Exxxtasy	35	25,000
American Movie Classics	1,500	11,000,000
Bravo	350	1,300,000
Cinemax	3,550	5,100,000
The Disney Channel	5,000	3,810,000
Festival	N/A	N/A
Home Box Office (HBO)	6,700	15,900,000
The Movie Channel	3,250	2,600,000
The Playboy Channel	600	500,000
Showtime	3,200	5,700,000

Audio services		
Cable Radio Network	40	1,310,000
KKGO Super Jazz	16	132,184
Moody Bible Institute	62	935,528
Satellite Radio Network	237	483,000
Seeburg Lifestyle Music	142	2,576,838
Seeburg Lifestyle Adult Contemporary	26	854,390
Tempo Sound	125	1,250,000
WFMT Chicago	169	1,192,726

Text services		
AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP News Plus	75	2,100,000
Cable SportsTracker	40	2,200,000
DBC/MarketWatch	462	9,200,000
Electronic Program Guide (EPG)	321	6,100,000
EPG Jr.	161	180,000
EPG Prevue	N/A	2,200,000
Genesis Cable Storytime	39	1,550,000
Reuters News View	127	2,437,000
TV Decisions	177	7,000,000
X*Press Executive	360	4,000,000
X*Press Exchange	350	4,000,000

Non-satellite-fed national services

Bicycled services	Affiliates	Subscribers
Cable Video Entertainment	195	15,000,000
Fuji Network	3	12,000
Nippon Golden Network	3	13,000
Telaction	TBA	TBA
Vector Consumer News	5	200,000
Vector Consumer Shopping Guide	9	325,000

Regional entertainment services

Basic services	Affiliates	Subscribers
Atlanta Interfaith	7	180,000
Bay Area Religious Channel (BARC)	6	113,000
Buffalo Sabres Hockey	6	455,000
Cable TV Network of New Jersey	34	1,396,451
The Ecumenical Channel	9	170,000
KTVT	415	3,588,270
Life Newsvision	35	50,000
Madison Square Garden	105	2,200,000
Meadows Racing Network	14	600,000
News 12 Long Island	7	500,000
Prime Cable	9	381,938
Prime Ticket	55	2,300,000
SportsVision (Chicago)	50	1,300,000
The Sunshine Network	107	1,500,000

Pay services		
Home Sports Entertainment Houston/Dallas	181	645,815
Home Team Sports	114	719,000
New England Sports Network	160	217,884
PRISM-Philadelphia	87	422,329
Pro-Am Sports	140	301,000
SportsChannel (Florida)	10	470,000
SportsChannel (New England)	147	800,000
SportsChannel (New York)	94	1,100,000
Z Channel	17	80,000

Note: Figures for affiliate and subscriber counts will be updated quarterly unless information is provided by the service. Send information to: *CableVision*, Attention: Candace Drake, Cable Stats, 432 Park Avenue South, Suite 1005, New York, NY 10016.
N/A denotes information not available.
TBA denotes to be announced.

Announced services

Satellite-fed services	Expected launch
ATV:Advertising Television International Cablecasting's CD/8-Digital Music Network	2nd Quarter 1988 7/88
Kids Information Network	5/88
The Landscape Channel	4th Quarter 1988
Laugh TV	2nd Quarter 1988
Main Street	4th Quarter 1988
Telamerica Broadcast Network	2nd Quarter 1988
Teleworld Network Television	5/88
TNT	10/88
Visions Interface Satellite Network	7/88
Wingtips	2nd Quarter '88